

Introduction to Local Government Finance and Adult Social Care

Sandra Beard - CGMA, CPFA

CIPFA Finance Advisory Network Advisor

sandra.beard@cipfa.org

The book



www.cipfa.org/policy-and-guidance/publications/a/an-introductory-guide-to-local-government-finance-2019

Local government structures

England outside London		London	Wales
County councils	Metropolitan councils and unitary councils	Greater London Authority	Unitary councils
District and borough councils		London borough councils	
Police and fire authorities*			

** Police services are provided by the Greater London Authority (GLA) in London and fire services are still the responsibility of some upper-tier authorities.*

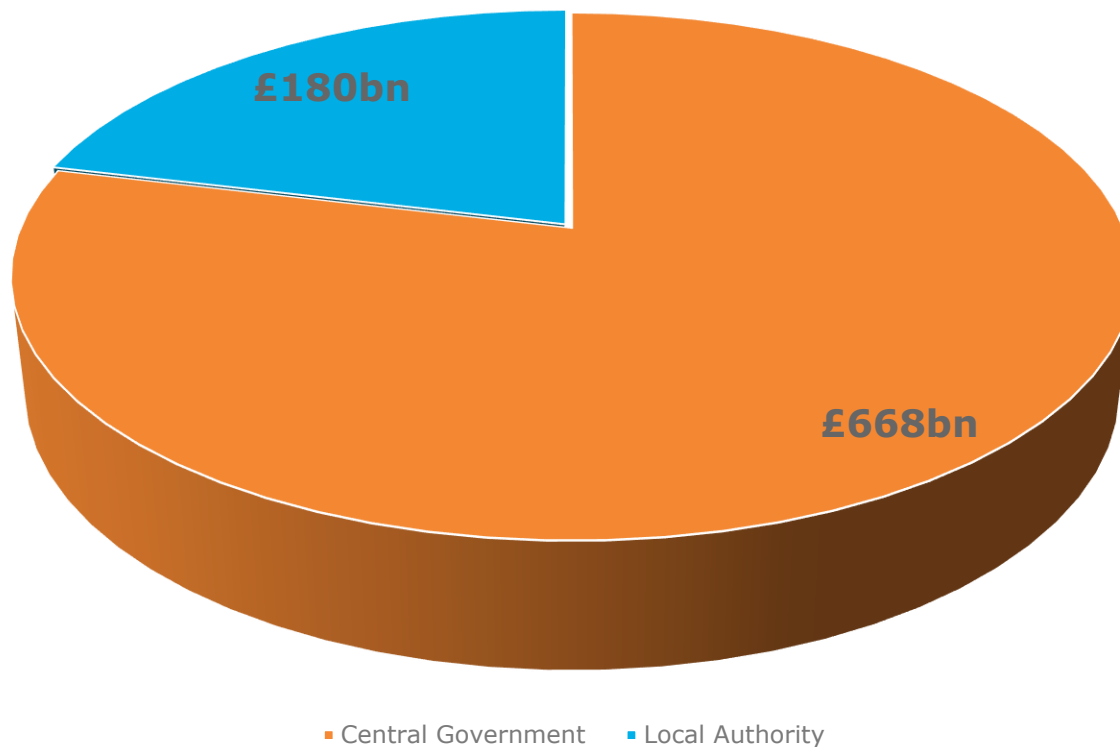
Local government responsibilities

Upper tier		Lower tier	
Education	Social care	Housing	Planning
Highways*	Libraries	Waste collection	Street cleaning
Country parks and Footpaths	Trading standards	Environmental health	Museums and leisure centres
Economic regeneration*	Waste disposal	Parks	Economic regeneration
Concessionary fares and public transport*	Planning strategy*	Markets and town centres	Parking
	Registrars		
	Public health		

** Provided by the GLA in London, which also has responsibility for police and fire services.*

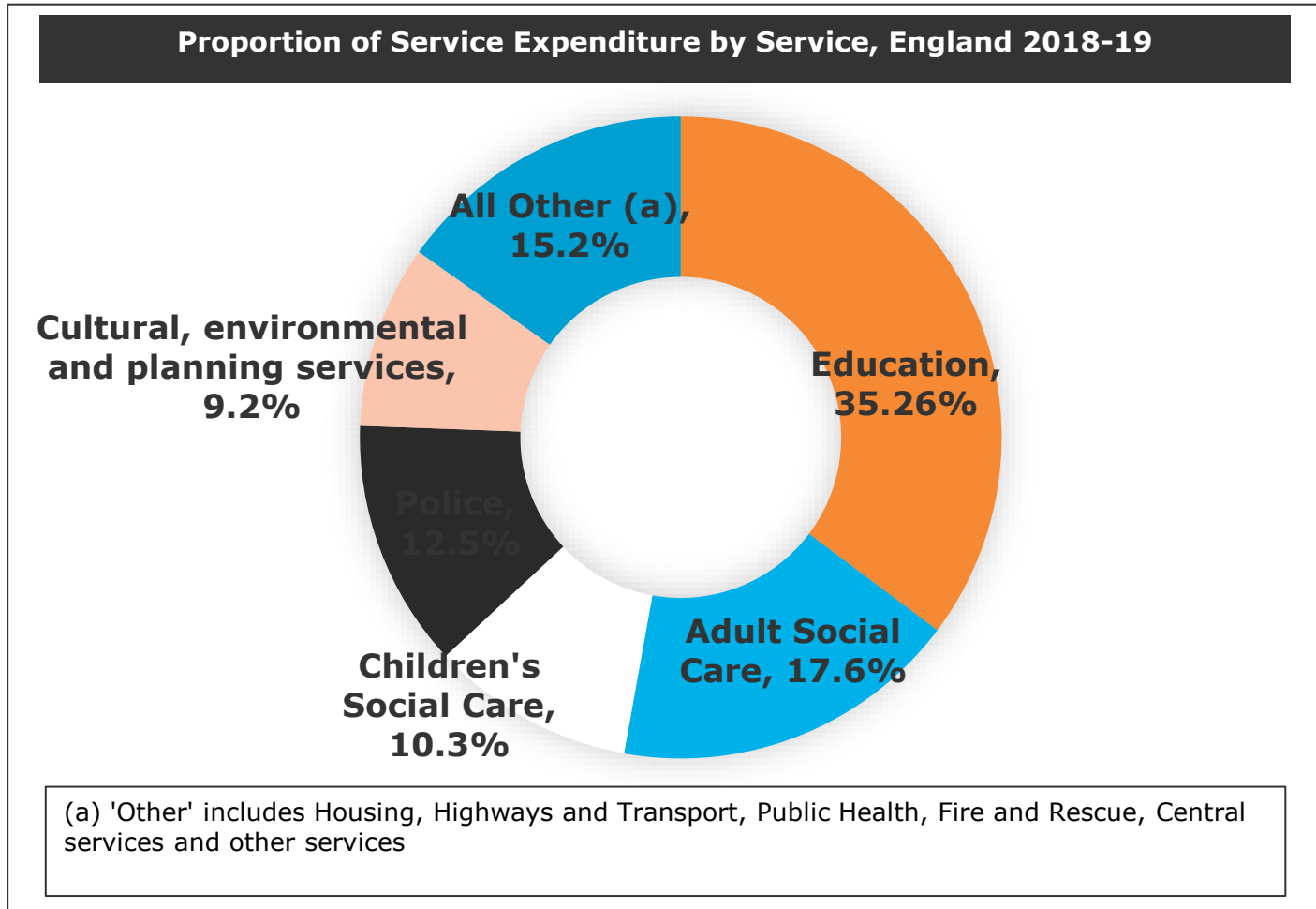
How much government spend goes on LG?

Total Spending 2020 £848bn



<http://www.ukpublicspending.co.uk/total>

LG spend split between service type



The legal requirement for councils to set a balanced budget

The Local Government Finance Act 1992 (LGFA 1992) sets out what a council has to base its budget calculations upon, and requires the council to set a balanced budget with regard to the advice of its Chief Finance Officer (section 151).

Section 30(6) LGFA 1992 provides that a council has to set its budget before the 11th March in the financial year preceding the one in respect of which the budget is set

The setting of the budget is a function reserved to full Council, who must consider the draft budget put before them for approval

LGA analysis of the local government funding gap

<u>Totals - figures in</u>	2017/18 baseline	2018/19	2019/20	2024/25
Adult social care	-1.4bn	-1.2bn	-1.026bn	-3.6bn
Children's services	0	-708m	-948m	-3.067bn
Homelessness	0	-58.m	-109m	-421m
Public health	0	-296m	-473m	-655m
All other services funded from core spending power	0	-523m	-535m	-294m
Total Funding gap (17/18 corresponds to pre-existing adult social care provider market pressure)	-1.45bn	-2.8bn	-3.1bn	-8bn

Section 151 officer

Statutory requirement of Local Government Act 1972

“make arrangements for the proper administration of (our) financial affairs and... secure that one of (our) officers has responsibility for the administration of those affairs.”

- Report any unlawful financial activities
- Report failure to set or keep to a balanced budget (S114)

Section 114 report

Section 114 of the Local Government Finance Act 1988 requires the CFO, in consultation with the council's monitoring officer, to report to all the authority's members if there is, or is likely to be, an unbalanced budget.

For example

- reserves have become depleted
- the authority will not have the resources to meet its expenditure.
- not only for coming financial year

Poll question

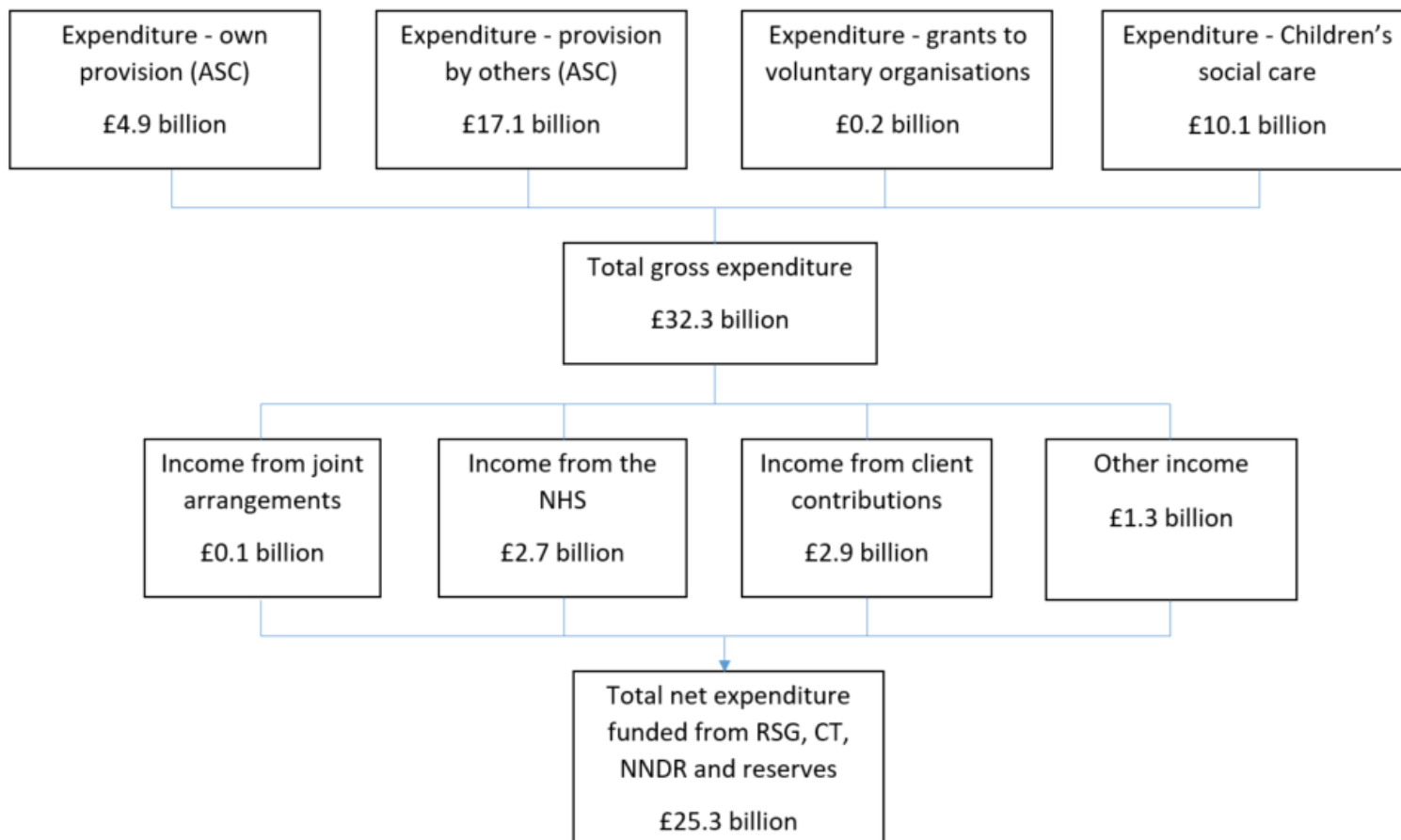
Do you think that the majority of capacity problems within the NHS can be solved just by additional funding?

Yes/No

Adult social care funding

- User charges
- Council Tax (including social care precepts)
- Government grants
- Joint arrangements
- Business rates (NNDR)
- NHS contributions
- Better Care Fund (includes Winter Pressures Grant)
- Improved Better Care Fund

Social care revenue and income 2018/19



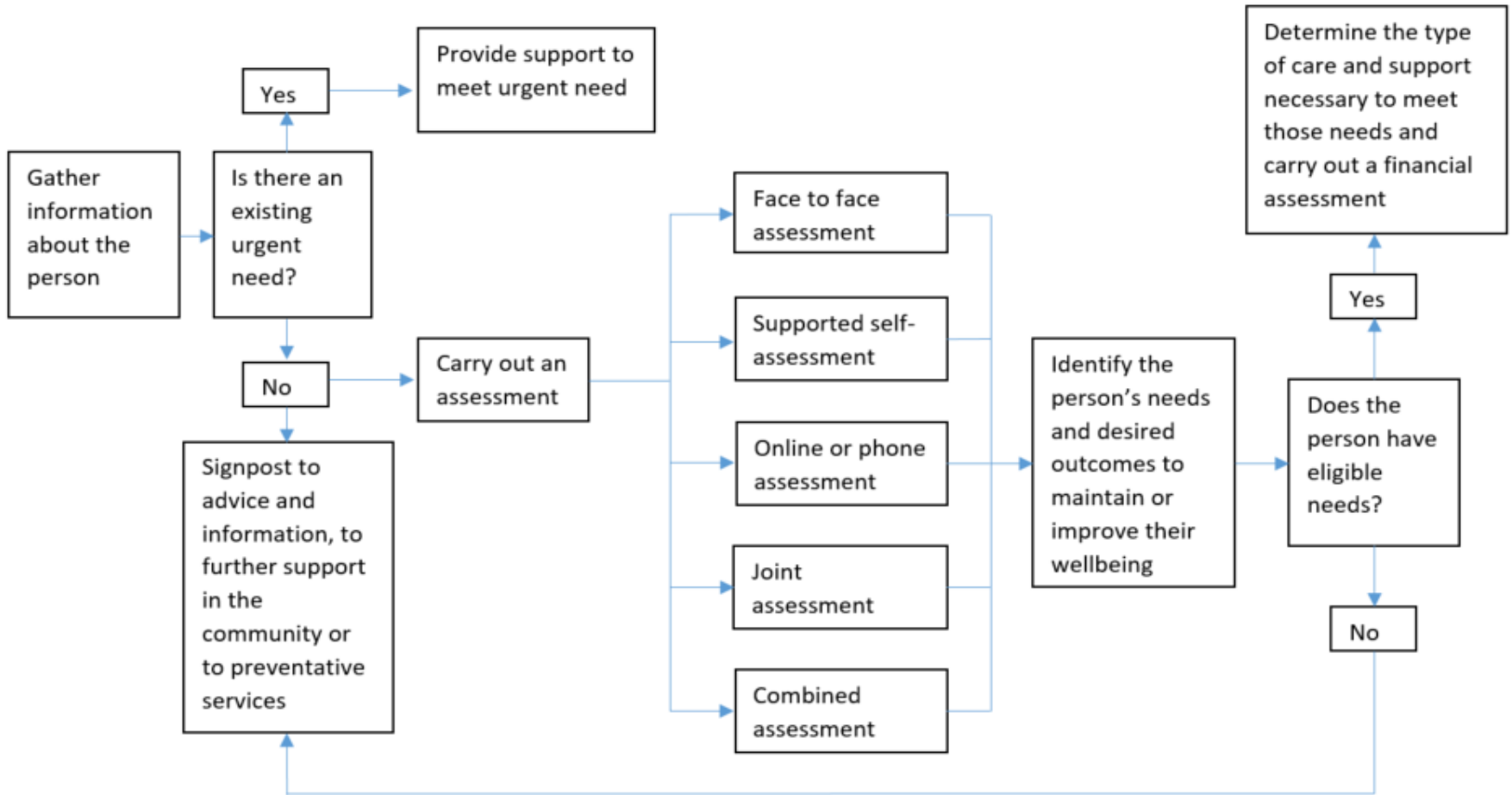
Adult social care client groups

- Adults and older people with memory and/or cognition difficulties
- Adults and older people with learning disabilities
- Adults and older people with physical disabilities and/or sensory impairment
- Adults and older people with mental health problems
- Adults with alcohol or drug related problems
- Asylum Seekers
- Carers

The eligibility and assessment process

- The Care Act sets out in one single place what the duties of LAs are in relation to assessing a person's need and eligibility for social care support
- LA's are required to:
 - Carry out an assessment of anyone who appears to require care and support, regardless of their likely eligibility for state-funded care
 - Focus the assessment on the person's needs and how they impact on their wellbeing, and the outcomes they want to achieve
 - Involve the person in the assessment and, where appropriate, their carer or someone else they nominate
 - Provide access to an independent advocate to support the person's involvement in the assessment if required
 - Consider other things besides care services that can contribute to the desired outcomes (e.g. preventive services, community support)
 - Use the new national minimum threshold to judge eligibility for publicly funded care and support.

The needs assessment



What are the options for 'meeting need'?

- The LA directly provides some type of support, for example by providing residential care, home care, reablement or short-term respite service
- The LA arranges for a care and support provider to provide some type of support, for example by commissioning or contracting with a provider
- A direct payment, which allows the person to purchase their own care and support
- Some combination of the above, for example the local authority arranges a homecare service whilst also providing a direct payment to meet other needs

What type of services do LAs provide or arrange for adults?

- Residential Care
- Nursing Care
- Supported Accommodation
- Home Care
- Day Care
- Assistive Technology
- Home or equipment adaptations
- Meals on Wheels
- Brokering Services

What is the charging process?

- Social care is not a free service. Whilst some types of care and support are provided free, most are subject to charging
- Sometimes the full cost will be met by the LA, sometimes by the individual and sometimes the cost will be shared
- LAs carry out financial assessments to work out what a person can afford to pay towards their care and support
- The assessment will take into account their income and any assets they own, such as a house, savings or investments
- Homeowners can sometimes make a 'deferred payment agreement', an arrangement whereby the individual agrees to pay some of their costs at a later date
- Deferred payment agreements mean that individuals should not be forced to sell their homes during their lifetime to pay for their care and support needs

The charging mechanism

- Currently, only people with assets of less than £23,250 and low incomes receive any help with their care and support costs
- LAs will undertake a financial assessment of individuals with assets below the upper capital limit of £23,250 to ascertain what they can afford to pay towards their care and support
- Any capital below £14,250 is disregarded in the assessment and those with resources below this level will not be required to contribute
- For adults receiving care and support other than in a care home, these limits are discretionary and LAs can set higher limits
- Those with assets above the upper capital limit can still ask the LA to arrange their care and support
- Where needs are met by staying in a care home, the LA is not obliged to arrange care for those above the upper capital limit

What are LAs not allowed to charge for?

- Intermediate care, including reablement, which must be provided free of charge for up to 6 weeks. LAs can apply discretion to offer this free for longer where there are clear preventative benefits
- Community equipment (aids and minor adaptations). Aids must be provided free of charge. A minor adaptation is one for £1,000 or less
- Care and support provided to people with Creutzfeldt-Jacob Disease
- After-care services/support provided under S117 of the Mental Health Act 1983
- Any service which the NHS has a duty to provide, including Continuing Healthcare and contributions to Registered Nursing Care
- Any services which a LA is under a duty to provide through other legislation may not be charged for under the Care Act 2014
- Assessment of needs, care planning and administration costs

A brief history of the Better Care Fund

- Originally called the Integration Transformation Fund (ITF)
- Announced in 2013 as part of the coalition governments integration agenda with a start date of April 2015 but with £200m provided in 2014/15 to streamline the process
- First plans between LAs and the NHS to be drafted by Feb 2014
- Whilst 90% of these plans were deemed to be of 'sufficient quality' the view was that they were biased towards over-optimism and would not deliver the required £1bn savings. As a result, none of the plans were approved and the project was delayed and redesigned with new plans to be submitted in Sept 2014.
- One of the reasons arrived at by the NAO for the delay was:
"Health and social care are under stress so neither is working at their best"
- The original aim was for full integration by 2018

How does it work?

- A collaboration between NHS England, MHCLG, DHSC and the LGA
- A pooled budget, shared by LAs and CCGs, intended to incentivise and transform the integration of health and social care services
- Local plans to be developed each year in line with agreed guidance, templates and support materials issued by NHS England and the LGA with approval locally, regionally and finally by NHS England
- CCGs and LAs required to develop a shared view of the future shape of services including an assessment of future capacity requirements and a joint vision of how integrated care will improve outcomes for local people
- Condition of transfer; LAs to agree with health how the funding is to be used and to demonstrate how the funding will make a positive difference to social care services and the outcomes of users compared to service plans in the absence of the funding

Integrated care; the vision...

Co-ordinating health and social care services around the individual, so that it feels like one service.

From...

“I have to tell my story multiple times to different people”

“I’m left waiting for services whilst commissioners argue over who pays”

“I don’t get a say in my treatment”

“When I’m discharged from a service, I’m not sure where to go next”



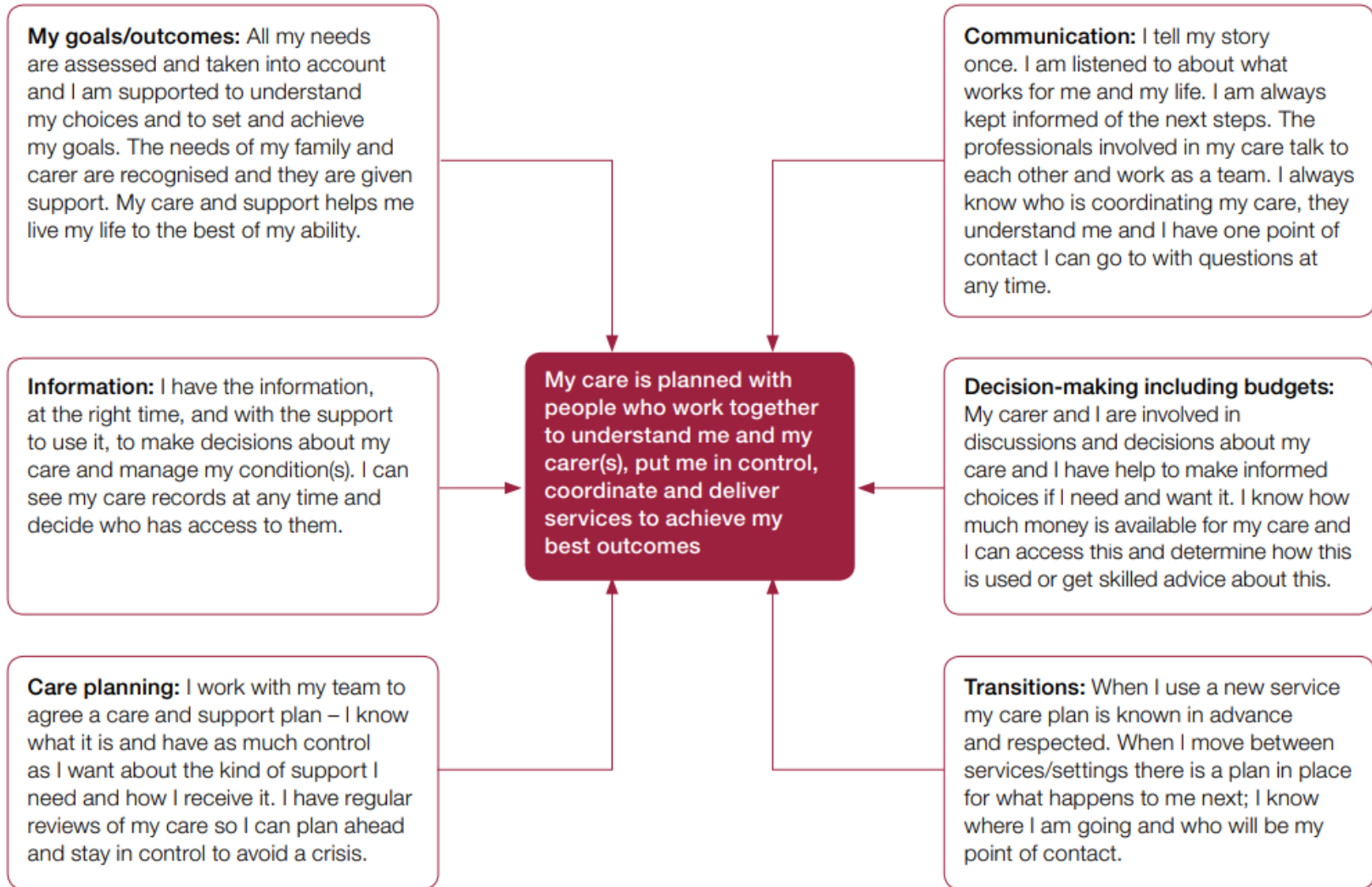
...To

“I completed an integrated care plan, setting out who will provide care and support to me and when”

“I receive more care in or near to my home, and haven’t been to hospital for ages”

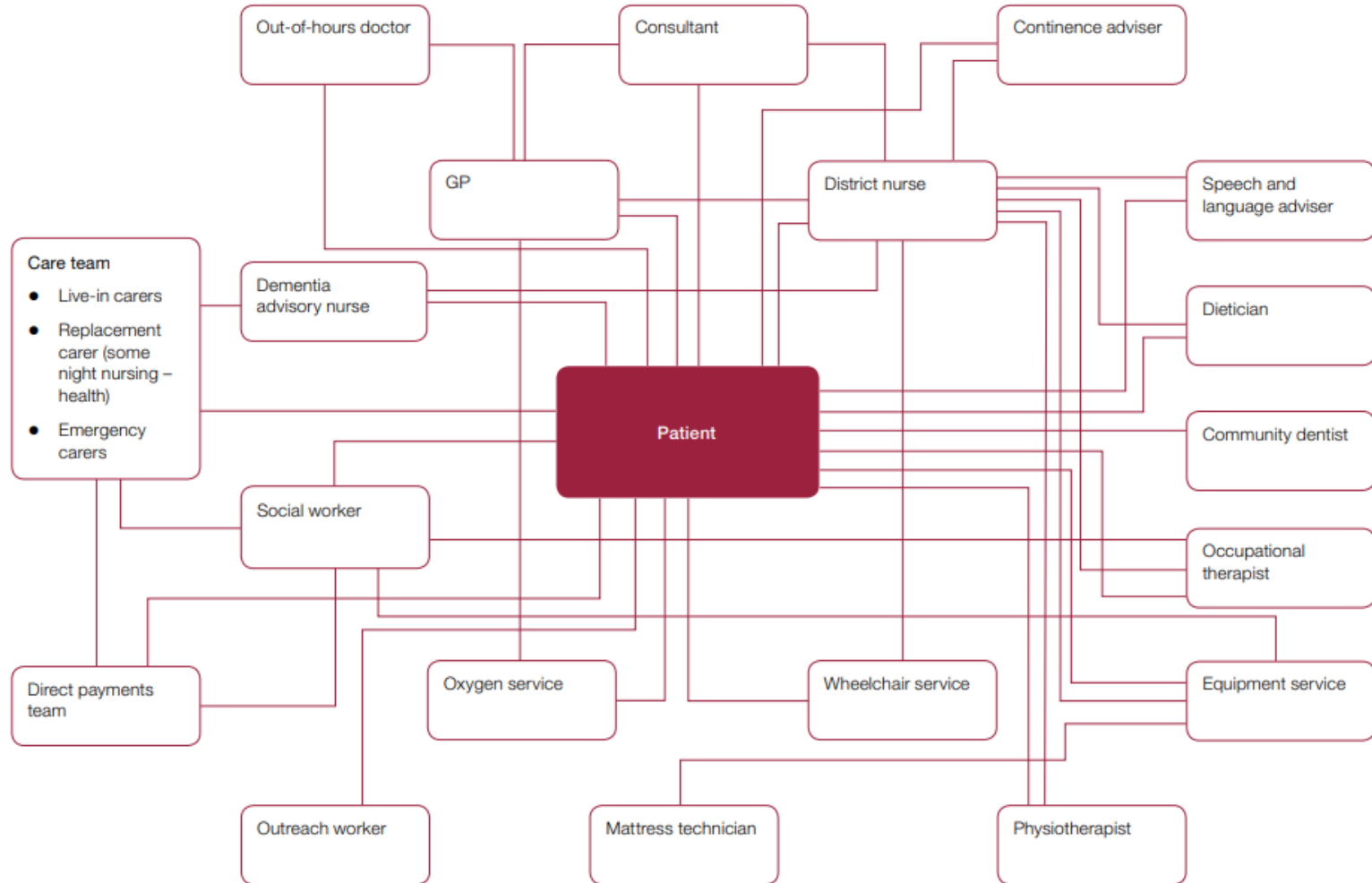
“I feel fully supported to manage my own conditions and live independently”





An example web of care for a patient with dementia

The patient required input from 19 different services



Poll question

Do you believe that your organisation is committed to working towards an integrated health and social care system?

Yes/No

Sustainability and Transformation Partnerships

- Sustainability and Transformation Partnerships or 'STPs' were formed from NHS and social care providers, commissioners, and local councils in 44 areas covering the whole of England to improve the care they provide and implement the NHS Five Year Forward View
- A leader was appointed for each area to be responsible for the implementation of its 5 year Sustainability and Transformation Plan
- The aim of STPs is to produce place-based (rather than organisation-based) plans for everyone using health and care services, to use existing services more effectively, ease demand on hospital care and to improve the quality and safety of care across the system
- In 2018 it was announced that STPs were to become Integrated Care Systems
- To date, 14 STPs have evolved into Integrated Care Systems

Poll question

Do you think that the NSHE proposal to establish integrated care systems (ICS) as legal bodies and fully transfer CCG functions to them by April 2022 is a good idea?

Yes/No